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Registre de Commerce et des Sociétés

Numéro RCS : B121640
Référence de dépôt : L160159236
Déposé et enregistré le 18/08/2016

HSNBHPX20160818T11085601_001

RCSL Nr. : B121640	Matricule : 2006 2230 534
	eCDF entry date : 18/08/2016

BALANCE SHEET

Financial year from 01 01/01/2015 **to** 02 31/12/2015 *(in* 03 EUR *)*

PRECISION CAPITAL S.A.

15, Boulevard Roosevelt
L-2450 Luxembourg

ASSETS

	Reference(s)		Current year		Previous year
A. Subscribed capital unpaid	1101	101	142.600.000,00	102	142.600.000,00
I. Subscribed capital not called	1103	103		104	
II. Subscribed capital called but unpaid	1105	105	142.600.000,00	106	142.600.000,00
B. Formation expenses	1107	107		108	
C. Fixed assets	1109	109	1.648.575.304,62	110	1.645.835.586,62
I. Intangible fixed assets	1111	111		112	
1. Research and development costs	1113	113		114	
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115	115		116	
a) acquired for valuable consideration and need not be shown under C.I.3	1117	117		118	
b) created by the undertaking itself	1119	119		120	
3. Goodwill, to the extent that it was acquired for valuable consideration	1121	121		122	
4. Payments on account and intangible fixed assets under development	1123	123		124	
II. Tangible fixed assets	1125	125		126	
1. Land and buildings	1127	127		128	
2. Plant and machinery	1129	129		130	

		Reference(s)		Current year		Previous year
3. Other fixtures and fittings, tools and equipment	1131		131		132	
4. Payments on account and tangible fixed assets under development	1133		133		134	
III. Financial fixed assets	1135		135	1.648.575.304,62	136	1.645.835.586,62
1. Shares in affiliated undertakings	1137		137	1.648.575.304,62	138	1.645.835.586,62
2. Amounts owed by affiliated undertakings	1139		139		140	
3. Shares in undertakings with which the undertaking is linked by virtue of participating interests	1141		141		142	
4. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1143		143		144	
5. Securities and other financial instruments held as fixed assets	1145		145		146	
6. Loans and claims held as fixed assets	1147		147		148	
7. Own shares or own corporate units	1149		149		150	
D. Current assets	1151		151	79.660.894,68	152	72.180.403,25
I. Inventories	1153		153		154	
1. Raw materials and consumables	1155		155		156	
2. Work and contracts in progress	1157		157		158	
3. Finished goods and merchandise	1159		159		160	
4. Payments on account	1161		161		162	
II. Debtors	1163		163	3.818.893,66	164	39.972.216,42
1. Trade receivables	1165		165	398.520,72	166	330.050,00
a) becoming due and payable within one year	1167		167	398.520,72	168	330.050,00
b) becoming due and payable after more than one year	1169		169		170	
2. Amounts owed by affiliated undertakings	1171		171		172	33.414.009,87
a) becoming due and payable within one year	1173		173		174	33.000.000,00
b) becoming due and payable after more than one year	1175		175		176	414.009,87
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177		177		178	
a) becoming due and payable within one year	1179		179		180	
b) becoming due and payable after more than one year	1181		181		182	

	Reference(s)		Current year		Previous year
4. Other receivables	1183	183	3.420.372,94	184	6.228.156,55
a) becoming due and payable within one year	1185	185	1.890.954,61	186	1.760.310,90
b) becoming due and payable after more than one year	1187	187	1.529.418,33	188	4.467.845,65
III. Transferable securities and other financial instruments	1189	189		190	
1. Shares in affiliated undertakings and in undertakings with which the undertaking is linked by virtue of participating interests	1191	191		192	
2. Own shares or own corporate units	1193	193		194	
3. Other transferable securities and other financial instruments	1195	195		196	
IV. Cash at bank, cash in postal cheque accounts, cheques and cash in hand	1197	197	75.842.001,02	198	32.208.186,83
E. Prepayments	1199	199	24.278,46	200	42.381,38
TOTAL (ASSETS)		201	1.870.860.477,76	202	1.860.658.371,25

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LIABILITIES

		Reference(s)		Current year		Previous year
A. Capital and reserves	1301		301	1.866.917.628,97	302	1.859.659.181,95
I. Subscribed capital	1303		303	1.850.031.000,00	304	1.850.031.000,00
II. Share premium and similar premiums	1305		305		306	
III. Revaluation reserves	1307		307		308	
IV. Reserves	1309		309	4.981.409,10	310	
1. Legal reserve	1311		311	4.981.409,10	312	
2. Reserve for own shares or own corporate units	1313		313		314	
3. Reserves provided for by the articles of association	1315		315		316	
4. Other reserves	1317		317		318	
V. Profit or loss brought forward	1319		319	4.646.772,85	320	-20.453.876,66
VI. Profit or loss for the financial year	1321		321	115.258.447,02	322	120.082.058,61
VII. Interim dividends	1323		323	-108.000.000,00	324	-90.000.000,00
VIII. Capital investment subsidies	1325		325		326	
IX. Temporarily not taxable capital gains	1327		327		328	
B. Subordinated debts	1329		329		330	
1. Convertible loans	1413		413		414	
a) becoming due and payable within one year	1415		415		416	
b) becoming due and payable after more than one year	1417		417		418	
2. Non convertible loans	1419		419		420	
a) becoming due and payable within one year	1421		421		422	
b) becoming due and payable after more than one year	1423		423		424	
C. Provisions	1331		331	309.811,00	332	94.500,00
1. Provisions for pensions and similar obligations	1333		333	117.750,00	334	
2. Provisions for taxation	1335		335		336	
3. Other provisions	1337		337	192.061,00	338	94.500,00
D. Non subordinated debts	1339		339	3.633.037,79	340	904.689,30
1. Debenture loans	1341		341		342	
a) Convertible loans	1343		343		344	
i) becoming due and payable within one year	1345		345		346	
ii) becoming due and payable after more than one year	1347		347		348	

	Reference(s)		Current year		Previous year
b) Non convertible loans	1349	349		350	
i) becoming due and payable within one year	1351	351		352	
ii) becoming due and payable after more than one year	1353	353		354	
2. Amounts owed to credit institutions	1355	355		356	2,99
a) becoming due and payable within one year	1357	357		358	2,99
b) becoming due and payable after more than one year	1359	359		360	
3. Payments received on account of orders as far as they are not deducted distinctly from inventories	1361	361		362	
a) becoming due and payable within one year	1363	363		364	
b) becoming due and payable after more than one year	1365	365		366	
4. Trade creditors	1367	367	94.068,86	368	580.892,29
a) becoming due and payable within one year	1369	369	94.068,86	370	580.892,29
b) becoming due and payable after more than one year	1371	371		372	
5. Bills of exchange payable	1373	373		374	
a) becoming due and payable within one year	1375	375		376	
b) becoming due and payable after more than one year	1377	377		378	
6. Amounts owed to affiliated undertakings	1379	379		380	
a) becoming due and payable within one year	1381	381		382	
b) becoming due and payable after more than one year	1383	383		384	
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385	385		386	
a) becoming due and payable within one year	1387	387		388	
b) becoming due and payable after more than one year	1389	389		390	
8. Tax and social security debts	1391	391	532.487,58	392	322.955,94
a) Tax debts	1393	393	522.143,04	394	308.938,20
b) Social security debts	1395	395	10.344,54	396	14.017,74

		Reference(s)		Current year		Previous year
9. Other creditors	1397		397	3.006.481,35	398	838,08
a) becoming due and payable within one year	1399		399	2.740.006,35	400	838,08
b) becoming due and payable after more than one year	1401		401	266.475,00	402	
E. Deferred income	1403		403		404	
TOTAL (LIABILITIES)			405	1.870.860.477,76	406	1.860.658.371,25

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PROFIT AND LOSS ACCOUNT

Financial year from 01 01/01/2015 **to** 02 31/12/2015 *(in* 03 EUR *)*

PRECISION CAPITAL S.A.

15, Boulevard Roosevelt
L-2450 Luxembourg

A. CHARGES

	Reference(s)		Current year		Previous year
1. Use of merchandise, raw materials and consumable materials	1601	601	13.048,84	602	14.816,63
2. Other external charges	1603	603	1.598.078,81	604	3.441.897,78
3. Staff costs	1605	605	1.112.365,55	606	871.606,91
a) Salaries and wages	1607	607	992.585,67	608	744.096,93
b) Social security on salaries and wages	1609	609	67.158,29	610	69.592,33
c) Supplementary pension costs	1611	611	52.621,59	612	57.917,65
d) Other social costs	1613	613		614	
4. Value adjustments	1615	615		616	
a) on formation expenses and on tangible and intangible fixed assets	1617	617		618	
b) on current assets	1619	619		620	
5. Other operating charges	1621	621	207.887,76	622	119.850,00
6. Value adjustments and fair value adjustments on financial fixed assets	1623	623		624	
7. Value adjustments and fair value adjustments on financial current assets. Loss on disposal of transferable securities	1625	625		626	0,01
8. Interest and other financial charges	1627	627	16.650,61	628	4.650,13
a) concerning affiliated undertakings	1629	629		630	
b) other interest and similar financial charges	1631	631	16.650,61	632	4.650,13

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	Reference(s)		Current year		Previous year
9. Share of losses of undertakings accounted for under the equity method	1649	649		650	
10. Extraordinary charges	1633	633	4.343,80	634	1.502,10
11. Income tax	1635	635	3.210,00	636	3.210,00
12. Other taxes not included in the previous caption	1637	637	164.000,00	638	164.000,00
13. Profit for the financial year	1639	639	115.258.447,02	640	120.082.058,61
TOTAL CHARGES		641	118.378.032,39	642	124.703.592,17

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B. INCOME

		Reference(s)		Current year		Previous year
1. Net turnover	1701		701	1.633.790,00	702	1.167.991,00
2. Change in inventories of finished goods and of work and contracts in progress	1703		703		704	
3. Fixed assets under development	1705		705		706	
4. Reversal of value adjustments	1707		707		708	
a) on formation expenses and on tangible and intangible fixed assets	1709		709		710	
b) on current assets	1711		711		712	
5. Other operating income	1713		713	49.500,00	714	
6. Income from financial fixed assets	1715		715	116.459.547,63	716	123.104.319,70
a) derived from affiliated undertakings	1717		717	116.459.547,63	718	123.104.319,70
b) other income from participating interests	1719		719		720	
7. Income from financial current assets	1721		721		722	
a) derived from affiliated undertakings	1723		723		724	
b) other income from financial current assets	1725		725		726	
8. Other interest and other financial income	1727		727	235.194,76	728	431.281,47
a) derived from affiliated undertakings	1729		729		730	
b) other interest and similar financial income	1731		731	235.194,76	732	431.281,47
9. Share of profits of undertakings accounted for under the equity method	1745		745		746	
10. Extraordinary income	1733		733		734	
13. Loss for the financial year	1735		735	0,00	736	0,00
TOTAL INCOME			737	118.378.032,39	738	124.703.592,17

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Note 1 – General

Precision Capital S.A. (hereafter "Precision Capital" or the "Financial Holding") is a public limited liability company under Luxembourg law incorporated in Luxembourg on 14 November 2006 and has its registered office at 15, boulevard Roosevelt, L-2450 Luxembourg.

As at 31 December 2015 Precision Capital holds participations in two affiliated companies:

- KBL European Private Bankers S.A. (hereafter "KBL epb"), an international network of banks and financial companies, specialized in private banking.
  As at 31 July 2012, KBC Group and Precision Capital finalised the agreement on the acquisition of 99.91% of KBL epb, after having authorization from the supervisory authorities concerned, for a total consideration of EUR 1,002.1 million.

- Banque Internationale à Luxembourg S.A. (hereafter "BIL"), which operates retail banking, private banking, corporate banking and financial market businesses mainly in Luxembourg.
  As at 5 October 2012, Dexia S.A., Precision Capital and the Grand Duchy of Luxembourg finalized the closing of the acquisition of 99.906% of the share capital of BIL for a total consideration amount of EUR 730 million. In this transaction, Precision Capital acquired 89.92% of Dexia S.A.'s shares in BIL for EUR 657 million. In 2013, the purchase price has been reviewed downwards to EUR 643.6 million in reference to some articles of the Share Purchase Agreement. Also, during the year 2013, Precision Capital acquired some shares of BIL from minority shareholders, increasing its percentage of holding from 89.92% to 89.93%. During the year 2014, Precision Capital acquired some shares of BIL from minority shareholders and sold some of the shares to the Grand Duchy of Luxembourg to maintain current ownership balance unchanged. During the year 2015, the purchase price has been reviewed upwards by EUR 2.74 million to EUR 646.4 million in reference to some articles of the Share Purchase Agreement.

KBL epb and BIL's consolidated accounts are consolidated in Precision Capital's consolidated accounts. Precision Capital's consolidated accounts and consolidated management report are available at its head office at 15, boulevard Roosevelt L-2450 Luxembourg.

Precision Capital is a wholly-owned subsidiary of Pioneer Holding S.A., a Luxembourg entity, which produces consolidated accounts available at its head office.

Note 2a – Statement of compliance

The annual accounts presented in this report were approved by the Board of Directors of Precision Capital on 31 May 2016.

The annual accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the annual accounts continue to be prepared on a going concern basis.

Note 2a – Statement of compliance (continued)

In preparing the annual accounts under IFRS, the Board of Directors is required to make estimates and assumptions that affect the amounts reported. To make these assumptions and estimates, management uses information available at the date of preparation of the annual accounts and exercises its judgment. While management believe that it has considered all available information in developing these estimates, actual results may differ from the estimates and the differences could be material to the annual accounts.

Judgments are made mainly in the following areas:

- Classification of financial instruments into the appropriate category ("loans and receivables and available for sale") for measurement purposes based on the instrument's characteristics and the Company's intention;
- Identification of impairment triggers.

Estimates are principally made in the following area:

- Estimation of future taxable profit in relation with the decision to not recognize a deferred tax assets.

The accounting policies adopted are consistent with those of the previous financial year. Although new amendments and standards have been issued and endorsed by the EU, which are effective for annual periods beginning on or after 1 January 2015, they did not have any impact on the annual accounts of the Company.

Precision Capital has decided not to early adopt the standards, amendments to standards and interpretations of the IFRIC which have been published but are not applicable for the year ended 31 December 2015. Precision Capital will adopt these standards on the date of their effective application and when they will be endorsed by the European Union.

This basically concerns the following publications (for the avoidance of doubt, only the new standards, amendments to standards and IFRIC which may have an effect on Precision Capital's annual accounts are mentioned below):

- *IFRS 9 – Financial Instruments, not yet endorsed by the EU*

  In July 2014, the IASB issued the final version of *IFRS 9 – Financial Instruments* which reflects all phases of the financial instruments project and replaces *IAS 39 – Financial Instruments: Recognition and Measurement* and all previous versions of *IFRS 9*. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting and will be effective for the year ending 31 December 2018.

  Based on the preliminary analyses performed, the adoption of the new standard will mainly affect the classification and measurement of the Company's financial assets and the computation of impairment losses. Further analyses will however have to be carried on in order to quantify the impact of the whole standard on the Company's financial position and performance.

Note 2a – Statement of compliance (continued)

- *IAS 1 Disclosure Initiative – Amendments to IAS 1*

  The amendments to *IAS 1 Presentation of Financial Statements* clarify, rather than significantly change, existing IAS 1 requirements, including:

  - The materiality requirements in IAS 1;
  - That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated;
  - That entities have flexibility as to the order in which they present the notes to financial statements;
  - That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

  Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. This amendment is effective for annual periods beginning on or after 1 January 2016.

Note 2b – Significant accounting policies

a. Foreign currencies translation

The annual accounts of Precision Capital are presented in euro (EUR), which is also the functional currency of the Financial Holding.

The Financial Holding maintains a multi-currency accounting system under which any transaction is registered in its original foreign currency.

In preparing the annual accounts, assets and liabilities in foreign currencies are translated into EUR according to the following principles:

- monetary items denominated in foreign currencies are converted at the closing rates prevailing at the closing date; differences arising from such conversion are recorded in the income statement;
- non-monetary items in foreign currencies which are measured at historical cost are translated into EUR using the historical exchange rates prevailing at the date of the transactions ;
- non-monetary items denominated in foreign currencies which are measured at fair value are translated using the spot exchange rates at the date when the fair value is determined and translation differences are reported together with changes in fair value.

Income and expense items denominated in foreign currencies are recognised in the income statement using exchange rates prevailing at the dates of the transactions (e.g. average monthly exchange rates).

Note 2b – Significant accounting policies (continued)

b. Financial assets and liabilities

(i) General principles of recognition and derecognition of financial instruments

A financial instrument is recognised in the balance sheet when and only when the Financial Holding becomes a party to the contractual provisions of the instrument.

A financial asset is derecognised when and only when the contractual rights to receive cash flows from the asset have expired or the Financial Holding transfers the financial asset.

A financial liability is derecognised when and only when the contractual liability is settled, cancelled or expired.

The purchases and sales of financial assets are recognised on the payment date, which is the date on which the asset is delivered. Any variation in the fair value of the asset to be received during the period from the transaction date to the payment date is recognised in the same way as for the asset acquired. In other words, the change in value is not recognised for assets recognised at cost or at amortised cost; it is recognised in the income statement for assets classified as financial assets at fair value through profit or loss and in equity for those classified as available-for-sale.

In the case of sales, the assets at fair value are measured at their sale price during the period between the transaction date and the payment date.

(ii) Definition of IAS 39 categories of financial assets and financial liabilities

All financial assets and liabilities – including derivatives – must be measured on the balance sheet according to their IAS 39 category. Each category is subject to specific measurement rules.

The IAS 39 categories are the following:

- *Held-to-maturity investments*;
- *Available-for-sale financial assets*;
- *Financial assets at fair value through profit or loss;*
- *Loans and receivables*;
- *Financial liabilities at fair value through profit or loss*;
- *Other financial liabilities*;
- *Hedging derivatives.*

The following categories are applicable to the Company:

- *Loans and receivables* are all non-derivative financial assets with fixed or determinable payments that are not quoted in an active market;
- *Available-for-sale financial assets* are all non-derivative financial assets which do not fall into one of the above categories.

Note 2b – Significant accounting policies (continued)

(iii) Evaluation of financial instruments

Financial assets and liabilities are initially recognised at fair value and are then measured in accordance with the principles governing the IAS 39 category in which they are placed.

- **General principles**

Loans and receivables with a fixed maturity are measured at amortised cost using the effective interest rate (hereinafter "EIR") method, that is the rate that precisely discounts the future cash inflows or outflows to obtain the carrying amount. Loans and receivables without a fixed maturity are measured at cost.

The *available-for-sale financial assets* are measured at fair value with changes in fair value recognised in equity ('Revaluation reserve (available-for-sale financial assets)') until the sale or impairment of these instruments. In the latter cases, the cumulative result of the revaluation is transferred from equity to the income statement of the period.

In accordance with IAS 27, in the absence of a reliable fair value, the participations in the consolidated entities are recorded at cost less impairment.

- **Determination of fair value**

When available, published price quotations on active markets are used to determine the fair value of financial assets or liabilities.

If such quotations are not available fair value can be obtained:

- by reference to recent 'at arm's length' market transactions between knowledgeable, willing parties;
- by using a valuation technique (e.g. discounted cash flow analysis and option pricing models). The valuation technique must incorporate all factors that market participants would consider in setting a price and be consistent with accepted financial methodologies used for pricing financial instruments. Methodologies developed through valuation techniques make maximum use of relevant inputs observable on the market and rely as little as possible on unobservable inputs;
- by using the European Venture Capital Association (EVCA) guidance for private equity instruments.

- **Impairment**

"Available-for-sale" financial assets and "loans and receivables" are also subject to impairment tests and impairment losses are recognised if evidence of impairment exists on the balance sheet date.

- *Available-for-sale financial assets*

  For listed shares, any significant or prolonged decline in their price compared to the acquisition cost is considered as an objective evidence of impairment. For debt and other equity instruments, the impairment amount is measured based on the recoverable amount.

Note 2b – Significant accounting policies (continued)

Impairment losses are always recognised in the income statement. Impairment reversals are recognised in the income statement for debt instruments and in other comprehensive income (available-for-sale revaluation reserve) for listed shares and other equity instruments.

- *Loans and receivables*

  The amount of the impairment loss is the excess of the carrying amount over the recoverable amount of the asset. The Financial Holding firstly evaluates if there is an impairment loss for each individually significant item or for each group of items not individually significant. If the Financial Holding considers that there is no evidence of an impairment loss for a given asset, individually significant or not, it includes it in a group of financial assets presenting the same credit risk characteristics and examines the possibility of an impairment loss on a collective basis. The assets evaluated individually and for which an impairment loss is recognised are not examined collectively.

c. Provisions

A provision is recognised when and only when the following three conditions are met:

- the Financial Holding has a present obligation (at the reporting date) as a result of a past event;
- it is more likely than not that an outflow of resources embodying economic benefits will be required to settle this obligation; and
- the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The discount rate is the pre-tax rate that reflects current market assessments of the time value of money.

d. Equity

Equity is the residual interest in the assets of the Financial Holding after all its liabilities have been deducted.

Equity instruments have been differentiated from financial instruments in accordance with the provisions of IAS 32.

The revaluation reserve for available-for-sale financial assets, if any, is included in equity until any impairment or sale. In such a case, the gains and losses are transferred to the income statement of the period.

e. Revenue

The Financial Holding recognises revenue relating to ordinary activities if and only if the following conditions are met:

- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the amount of revenue can be measured reliably.

Note 2b – Significant accounting policies (continued)

The specific conditions below must also be met before recognising the related revenue:

- **Net interest income**

Interest is recognised *prorata temporis* using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

- **Dividends**

Dividends are recognised when the right of the shareholders to receive the payment is established. They are presented under the heading "Dividend income" in the income statement irrespective of the IFRS category of the related assets.

- **Net fee and commission income**

Revenues from services are recognised by reference to the stage of completion at the balance sheet date. Accordingly, the revenue is recognised in the periods when the services are provided.

Note 3 – Net interest income

(in EUR thousands)	31/12/2015	31/12/2014
Breakdown by portfolio		
Interest income	**224**	**425**
Loans and receivables	224	425
Interest expense	**-**	**-**
Net interest income	**224**	**425**

Note 4 – Dividend income

(in EUR thousands)	31/12/2015	31/12/2014
Available-for-sale equity instruments	116,460	123,104
Total	**116,460**	**123,104**

Note 5 – Net realised gains/losses on financial assets and liabilities not measured at fair value through profit or loss

(in EUR thousands)	31/12/2015	31/12/2014
Available-for-sale financial assets	**-**	**-**
Debt instruments	-	-
Equity instruments	-	-
Loans and receivables	**-**	**-**
Other	**-7**	**2**
Total	**-7**	**2**

Note 6 – Net fee and commission income

(in EUR thousands)	31/12/2015	31/12/2014
Fee and commission income	**1,634**	**1,168**
Asset management	-	-
Securities transactions	-	-
Other	1,634	1,168
Fee and commission expense	**-**	**-**
Asset management	-	-
Securities transactions	-	-
Other	-	-
Total	**1,634**	**1,168**

For the years ended 31 December 2015 and 2014, other fee and commission income is only composed of the fees received in accordance with the advisory services agreements signed between the Company and its two subsidiaries.

Note 7 – Operating expenses

(in EUR thousands)	31/12/2015	31/12/2014
Staff expenses	-1,209	-872
General administrative expenses	-1,841	-3,742
Total	**-3,050**	**-4,614**

For the year ended 31 December 2015, general administrative expenses are mainly composed of lawyer fees for EUR 0.6 million (2014: EUR 1.8 million), of professional services fees for EUR 0.4 million (2014: EUR 1.2 million) and other operating charges for EUR 0.8 million (EUR 0.7 million).

Note 8 – Staff

	31/12/2015	31/12/2014
Total average number of persons employed (in full-time equivalent)	6	5

Note 9 – Income tax

(in EUR thousands)	31/12/2015	31/12/2014
Breakdown by type		
Current tax	-3	-3
Deferred tax	-	-
Total	**-3**	**-3**

(in EUR thousands)	31/12/2015	31/12/2014
Reconciliation of the difference between the standard tax rate and the effective tax rate:		
Profit before tax	115,261	120,085
Luxembourg income tax rate	29.22%	29.22%
Income tax calculated at the Luxembourg income tax rate	**-33,679**	**-35,089**
Plus/minus tax effects attributable to:		
Tax-free income	34,030	35,971
Unused tax losses and tax credits	-354	-885
Other	-	-
Income tax adjustments	**33,676**	**35,086**
Total	**-3**	**-3**

As at 31 December 2015 and 2014, the Company did not recognize any deferred tax assets on tax losses carried forward insofar as it is not probable that future taxable profits will be available against which the unused tax losses can be utilised.

Note 10 – Classification of financial instruments: breakdown by portfolio and by product

- Financial instruments are classified into several categories ("portfolios"). Details of these various categories and the valuation rules linked to them are given in Note 2b, point b, dealing with financial assets and liabilities (IAS 39).
- The balance sheet analyses below have been conducted at the clean price. Thus the interest accrued is presented separately, except for trading derivatives, which are presented at the dirty price.

CARRYING AMOUNT
(in EUR thousands)

31/12/2015

ASSETS	Available-for-sale (AFS)	Loans and receivables (L&R)	Total
Loans and advances to credit institutions	-	75,842	75,842
Loans and advances other than with credit institutions	-	1,529	1,529
Consumer credits	-	-	-
Mortgage loans	-	-	-
Term loans	-	-	-
Finance leasing	-	-	-
Current accounts	-	-	-
Securitized loans	-	-	-
Other	-	1,529	1,529
Equity instruments	1,648,575	-	1,648,575
Total	1,648,575	77,371	1,725,946

Note 10 – Classification of financial instruments: breakdown by portfolio and by product (continued)

CARRYING AMOUNT
(in EUR thousands)

31/12/2014

ASSETS	Available-for-sale (AFS)	Loans and receivables (L&R)	Total
Loans and advances to credit institutions	-	**32,208**	**32,208**
Loans and advances other than with credit institutions	-	**37,882**	**37,882**
Consumer credits	-	-	-
Mortgage loans	-	-	-
Term loans	-	-	-
Finance leasing	-	-	-
Current accounts	-	-	-
Securitized loans	-	-	-
Other	-	37,882	**37,882**
Equity instruments	**1,645,836**	-	**1,645,836**
Total	**1,645,836**	**70,090**	**1,715,926**

Note 10 – Classification of financial instruments: breakdown by portfolio and by product (continued)

FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table summarises the carrying amounts and fair values of the financial assets not measured at fair value, excluding consolidated entities.

	Carrying amount		Fair value	
(in EUR thousands)	31/12/2015	31/12/2014	31/12/2015	31/12/2014
ASSETS				
Loans and advances to credit institutions	75,842	32,208	75,842	32,208
Loans and advances to other than credit institutions	1,529	37,882	1,529	37,882

As at 31 December 2015 and 2014, the carrying amounts of loans and advances are deemed to reflect their fair values as they are made of liquid assets.

FAIR VALUE HIERARCHY

Precision Capital uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) price in active market for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Note 10 – Classification of financial instruments: breakdown by portfolio and by product (continued)

(in EUR thousands)

31/12/2015	Level 1	Level 2	Level 3	Total
ASSETS				
Available-for-sale	-	-	-	-
Equity instruments (excluding instruments at cost)	-	-	-	-
Debt instruments	-	-	-	-
Total	-	-	-	-

(in EUR thousands)

31/12/2014	Level 1	Level 2	Level 3	Total
ASSETS				
Available-for-sale	-	-	-	-
Equity instruments (excluding instruments at cost)	-	-	-	-
Debt instruments	-	-	-	-
Total	-	-	-	-

Level 3 items measured at fair value

During the years ended 31 December 2015 and 2014, no financial assets and liabilities were classified in level 3 category.

Level 1 and level 2 items measured at fair value

During the years ended 31 December 2015 and 2014, no financial assets and liabilities were classified neither in level 1 category, nor in level 2 category.

Note 11 – Available-for-sale financial assets and Loans and receivables: breakdown by portfolio and quality

(in EUR thousands)	Available-for-sale (AFS)	Loans and receivables (L&R)	Total
31/12/2015			
Unimpaired assets	1,648,575	77,371	**1,725,946**
Impaired assets	-	-	-
Impairment	-	-	-
Total	**1,648,575**	**77,371**	**1,725,946**

(in EUR thousands)	Available-for-sale (AFS)	Loans and receivables (L&R)	Total
31/12/2014			
Unimpaired assets	1,645,836	70,090	**1,715,926**
Impaired assets	-	-	-
Impairment	-	-	-
Total	**1,645,836**	**70,090**	**1,715,926**

Note 12 – Financial assets: breakdown by portfolio and residual maturity

(in EUR thousands)	Available-for-sale (AFS)	Loans and receivables (L&R)	Total
ASSETS			
31/12/2015			
Less than or equal to 1 year	-	77,105	**77,105**
More than 1 year but less than or equal to 5 years	-	266	**266**
More than 5 years	-	-	**-**
Indefinite period	1,648,575	-	**1,648,575**
Derivatives	-	-	**-**
Total	**1,648,575**	**77,371**	**1,725,946**
31/12/2014			
Less than or equal to 1 year	-	70,090	**70,090**
More than 1 year but less than or equal to 5 years	-	-	**-**
More than 5 years	-	-	**-**
Indefinite period	1,645,836	-	**1,645,836**
Derivatives	-	-	**-**
Total	**1,645,836**	**70,090**	**1,715,926**

Note 13 – Other assets

As at 31 December 2015 and 2014, an amount of EUR 142.6 million of subscribed capital but uncalled and unpaid is reported under this heading (see Note 16).

Note 14 – Provisions

Changes (in EUR thousands)	Pending legal disputes	Operational losses	Other provisions	Total
Balance as at 01/01/2015	**-**	**-**	**95**	**95**
Changes affecting the income statement	-	-	215	**215**
Allowances	-	-	265	**265**
Reversals	-	-	-50	**-50**
Balance as at 31/12/2015	**-**	**-**	**310**	**310**

Changes (in EUR thousands)	Pending legal disputes	Operational losses	Other provisions	Total
Balance as at 01/01/2014	**-**	**-**	**-**	**-**
Changes affecting the income statement	-	-	95	**95**
Allowances	-	-	95	**95**
Reversals	-	-	-	**-**
Balance as at 31/12/2014	**-**	**-**	**95**	**95**

Provisions for pending legal disputes relate to provisions recorded to cover legal disputes with private and professional counterparties, including lawyers' fees.

Operational losses relate to provisions to cover operational dysfunctions for which the responsibility is not determined at the closing date.

Other provisions relate to other provisions than the above-mentioned provisions.

Note 15 – Other liabilities

As at 31 December 2015, the caption "Other liabilities" is mainly composed of an amount of EUR 2.74 million payable to Dexia S.A. in reference to the articles of the Share Purchase Agreement related to the acquisition of BIL in 2012 and VAT payable.

As at 31 December 2014, the caption "Other liabilities" was mainly composed of advisory fees (legal, accounting…) and VAT payable.

Note 16 – Equity

Capital

Precision Capital was incorporated in Luxembourg on 14 November 2006. At incorporation, the subscribed and paid up capital amounted to EUR 31,000 represented by 310 shares with a par value of EUR 100 each.

As at 16 March 2012, the General Shareholders' meeting of Precision Capital approved the resolution to increase the subscribed capital by an amount of EUR 1,050 million by the creation and issue of 10,500,000 new shares with a par value of EUR 100 each, having the same rights and privileges as the existing shares. All these new shares have been subscribed and fully paid up by the sole shareholder of Precision Capital.

As at 26 September 2012, the General Shareholders' meeting of Precision Capital approved the resolution to increase the subscribed capital by an amount of EUR 800 million by the creation and issue of 8,000,000 new shares with a par value of EUR 100 each, having the same rights and privileges as the existing shares. All these new shares have been subscribed by the sole shareholder of Precision Capital and partly paid up by way of a contribution in cash of EUR 657.4 million. As at 31 December 2015 and 2014, uncalled and unpaid subscribed capital amounted to EUR 142.6 million.

As at 31 December 2015 and 2014, the authorized and subscribed capital of Precision Capital amounts to EUR 1,850,031,000, of which EUR 1,707,431,000 is paid up (see Note 13), represented by 18,500,310 shares with a par value of EUR 100 each.

Legal reserve

Under Luxembourg law, the Company must allocate to a legal reserve an amount equivalent to at least 5% of the annual net profit (after deduction of the losses brought forward) until such reserve is equal to 10% of the share capital. This allocation is made in the following year. Distribution of the legal reserve is not allowed.

Note 17 – Result allocation proposal

An interim dividend of EUR 108 million has been distributed on 22 June 2015.

At its meeting on 31 May 2016, the Board of Directors proposes to allocate the profit for the year ended 31 December 2015, amounting to EUR 115,258,447.02 as follows:

Legal reserve	5,762,922.35
Dividend	108,000,000.00
Retained earnings	1,495,524.67

This result allocation proposal will be submitted to the approval of the Annual General Meeting of Shareholders to be held on 17 June 2016.

Note 18 – Loans commitments, financial guarantees and other commitments

(in EUR thousands)

	31/12/2015	31/12/2014
Confirmed credits, unused	-	-
Financial guarantees given (1)	-	78,000
Other commitments (securities issuance facilities, spot transaction settlement, etc.)	-	-
Total	**-**	**78,000**

(1) By virtue of the Share Purchase Agreement related to the acquisition of one of its subsidiaries closed in 2012, Precision Capital benefits from a specific indemnity, for an aggregate amount of EUR 78 million under certain conditions. Precision Capital committed in 2013 to unconditionally contribute this guarantee to the subsidiary in question.The guarantee, provided by Precision Capital to one of its subsidiaries in 2013, has been terminated as of 27 July 2015.

Note 19 – Related parties transactions

"Related parties" refers to the parent company of Precision Capital, its subsidiaries and key management personnel. Transactions with related parties are carried out under conditions equivalent to those applicable to transactions subject to conditions of normal competition.

(in EUR thousands)	31/12/2015	31/12/2014
FINANCIAL ASSETS	**1,725,841**	**1,684,973**
of which financial assets with Pioneer Holding S.A. [(1)]	*1,263*	*37,882*
with key management	*266*	-
with KBL epb Group	*1,077,837*	*1,003,355*
with BIL Group	*646,475*	*643,736*
Breakdown by portfolios	**1,725,841**	**1,684,973**
Available-for-sale financial assets	*1,648,575*	*1,645,836*
Loans and receivables	*77,266*	*39,137*
OTHER ASSETS	**142,600**	**142,600**
of which other assets with Pioneer Holding S.A.	*142,600*	*142,600*
FINANCIAL GUARANTEES GIVEN	**-**	**78,000**
of which financial guarantees given in favour of one subsidiary	-	*78,000*
INCOME STATEMENT	**118,318**	**124,697**
of which income statement with Pioneer Holding S.A.	*224*	*414*
with KBL epb Group	*67,915*	*34,217*
with BIL Group	*50,179*	*90,066*
Breakdown	**118,318**	**124,697**
Net interest income	*224*	*425*
Dividend income	*116,460*	*123,104*
Net fee and commission income	*1,634*	*1,168*

(1) including in 2014 a current account advance to the ultimate shareholder of EUR 4.5 million as well as a short-term loan of EUR 33 million and related accrued interest and including in 2015 a current account advance to the ultimate shareholder of EUR 1.2 million.

The transaction with key management personnel of Precision Capital S.A. are as follows:

(in EUR thousands)	31/12/2015		31/12/2014	
	Amount	Number of persons	Amount	Number of persons
Remuneration (including deferred bonuses)	577	2	434	2
Loans outstanding	266	1	-	-

Note 20 – Maximum credit risk exposure and collateral received to mitigate the risk

Maximum credit risk exposure

(in EUR thousands)	31/12/2015	31/12/2014
Assets	**1,870,805**	**1,860,659**
Financial assets	1,725,946	1,715,926
Available-for-sale	1,648,575	1,645,836
Loans and receivables	77,371	70,090
Other assets	144,859	144,733
Off-balance sheet items	**-**	**78,000**
Loans commitments	-	-
Financial guarantees	-	78,000
Other commitments (securities issuance facilities, spot transaction settlement, etc.)	-	-
Maximum credit risk exposure	**1,870,805**	**1,938,659**

Collateral received to mitigate the maximum exposure to credit risk (in EUR thousands)	31/12/2015	31/12/2014
Equity instruments	-	-
Debt instruments	-	-
Loans and advances	-	-
of which designated at fair value	-	-
Derivatives	-	-
Other (including guarantees)	78,000	78,000
Collateral received to mitigate the maximum exposure to credit risk	**78,000**	**78,000**

Note 21 – Risk management

Risk management is assumed at the level of each of the two sub-groups held by Precision Capital, BIL and KBL epb. Therefore, quantitative and qualitative information relating to BIL and KBL epb risk management are reported in the respective consolidated financial statements of these subsidiaries. This also applies to the so-called Pillar III reporting, which is not published on a consolidated basis by PC, but is available for both banks on their internet sites (respectively www.bil.com and www.kbl.lu) under the financial information sections.

Note 21 – Risk management (continued)

Credit risk

As at 31 December 2015 and 2014, the credit risk of Precision Capital is mainly impacted by the evolution of the credit risk of its two subsidiaries. Quantitative and qualitative information relating to BIL and KBL epb credit risk are reported in the respective consolidated financial statements of these subsidiaries.

Interest rate risk and Market risk

As at 31 December 2015 and 2014, the interest rate risk of Precision Capital is limited.

As at 31 December 2015 and 2014, the financial assets are mainly composed of assets denominated in EUR which are financed by capital increases in EUR.

Liquidity risk

As at 31 December 2015 and 2014, the liquidity risk of Precision Capital is limited; the funding of KBL epb and BIL acquisition is ensured by successive capital increases subscribed by the sole shareholder of the Financial Holding.

Note 22 – Audit fees

(in EUR thousands)	31/12/2015	31/12/2014
Standard audit services	87	108
Audit related services	-	-
Tax services	-	-
Other services	-	26
Total	**87**	**134**

Note 23 – List of subsidiaries

As at 31 December 2015 and 2014, the list of subsidiaries is as follows:

SUBSIDIARIES			
KBL European Private Bankers S.A.	Luxembourg	99.91%	Bank
Banque Internationale à Luxembourg S.A.	Luxembourg	89.93%	Bank

Note 24 – Events after balance sheet date

There was, after the closing date, no significant event requiring an update of the provided information or adjustments to the annual accounts as at 31 December 2015.